

Procedures for Receiving and Recording Mail Payments and All Other Payments Received When the Payer is Not Present¹

Criteria

UCA § 17-36-45. Internal control structure. (Applicable to counties)

UCA § 51-4-2. Deposits by political subdivisions.

Suggested Accounting Procedures for Utah Justice Courts; Accounting System, 2.00; Cash Receipts, Section 5.00; Deposits and Bank Accounts, Sections 8.05, 8.06, and 8.07; Reconciliation, Section 9.02; and Generally Accepted Accounting Practices.

Internal Control of Court-Collected Funds, by Robert W. Tobin, National Center for State Courts. III. Cash Control Procedures, D. Receipt Process, H. Method of Payment, K. Security of Receipts, and L. Timely Reconciliations. IV. Cash Accounting, B. Accounting Records, and C. Maintenance and Security of Books of Account.

Background

Three key control procedures need to be implemented:

- a. Two clerks, working together, open the mail² and record the payments on a log to create an initial record of receipt.
- b. One clerk then accepts custody of the payments and receipts the payments on the system.
- c. A person independent of the receipt and deposit process reconciles the payments recorded on the log to the daily accounting records to ensure payments were receipted on the system.

Procedures

- *Mail Payments*

Two clerks, working together, open and sort the mail, and record the payments received on a Payment Log. (An example of a Payment Log that can be prepared manually or

¹ This document is available on the web at: <http://www.utcourts.gov/courts/just/audit/procedures.asp>. The procedures have been compiled from various resources, including various state laws and judicial rules applicable to justice court, the Suggested Accounting Procedures for Justice Courts, and the monograph published by the National Center for State Courts, Internal Control of Court-Collected Funds, by Robert W. Tobin.

² For the purpose of this discussion, mail payment includes all payments received where the payer is not present. Examples of payments received when the payer is not present include mail payments, payments received from the port-of-entry, and cash bail payments delivered by county jail personnel.

prepared in spreadsheet format is available on the web at:
<http://www.utcourts.gov/courts/just/audit/forms.asp>)

Both clerks sign the completed log, one as the preparer of the log, the second as the witness, who verifies the accuracy of the log. The original log is forwarded to the person assigned to perform the reconciliation procedures described below. (This could be the person who served as the witness, provided that person does not receipt the payments in the computer system, or prepare the deposit.)

One of the clerks then proceeds to accept custody of the payments and receipt them on the system. This includes the process of identifying the correct case to which the payment applies. The receipting clerk retains a copy of the log with the payments and records the system receipt number on the log (or disposition of the payment if the payment is forwarded to another court or returned to the payee).

During the balancing process, this copy of the log is attached to the clerk's Payment Register and retained with the daily accounting records.

- *Port of Entry Payments*³

When the port agent delivers the payments, the clerk records the payments on a Payment Log in the presence of the port agent. This Payment Log should be labeled "Payments from the Port of Entry" to distinguish this log from the mail log. Payments received from multiple sources need to be distinguished in the accounting records for internal control and accountability. (See **Internal Control of Court-Collected Funds**, pp 12, 14.)

The port agent serves as the witness to the log, that the monies listed on the log were transferred to the clerk. Both the clerk and the port agent sign the completed log. The clerk makes two copies of the log. One copy is retained by the clerk, who proceeds to receipt the payments in the computer system. The port agent receives the second copy as the receipt for monies delivered. The original log is forwarded to the person assigned to reconcile the daily receipts, as described below.

- *Payments on the Logs Not Immediately Receipted*

The receipting clerk retains a copy of the log if there are payments on the log that could not be receipted due to time constraints or incomplete information accompanying the payment. However, every effort should be made to receipt the payments on the system on the same date received. Until the payments are receipted, the payments need to be secured in the clerk's cash box and stored in a safe or other secure/limited access area overnight. As the payments are later receipted on the computer system (but not later than 3 business days per UCA § 51-4-2), the case number and date receipted is recorded on the copy of the log retained.

The clerk then forwards the log copy to the person assigned to reconcile the daily receipts. The clerk also retains a copy and attaches it to the Payment Register on the date

³ These procedures should be followed for cash bail payments delivered by county jail personnel, with the jail personnel performing the procedures described for the port agent.

the clerk receipts the payments. (For efficiency, the clerk could highlight these payments receipted on a later date.)

The clerk follows this process until all payments on the log can be receipted on the computer system and deposited or returned to the payer. Payments that cannot be receipted to a case and deposited within 3 business days should be returned to the payer or deposited and held in trust until the citation is located (within a reasonable time).⁴ If the court holds the monies in trust, it must account for the monies in accordance with CJA Rule 3-407.

The clerk should record the disposition of all payments on the mail log. If monies are deposited as trust monies until the citation can be located, the date of deposit should be recorded on the log. If a payment is returned to the payer, the name, address, and telephone number (if available) of the person to whom the payment was mailed should be recorded on the log. (Note: If a cash payment is returned, the cash should not be mailed back to the payer. Instead, the monies should be deposited and disbursed through the local government payables process.)

- *Reconciliation Procedures*

The payments recorded on the logs are reconciled to the daily accounting records and the monies delivered for deposit per the validated deposit receipt. The reconciliation procedures are performed to verify that all mail payments were receipted to the correct case in the computer system and delivered intact to the bank or local government treasurer within 3 business days, per UCA § 51-4-2(2)(a).

Ideally, the person that performs the reconciliation should not have prepare the deposit, or otherwise have access to cash or check receipts. However, in an office with limited number of staff, the clerk that did not receipt payments on the system or prepare the deposit could perform this reconciliation step.

After the reconciler performs the reconciliation procedures, the clerk signs the payment log in the space provided and retains the log in a file held by that person.

⁴ Per UCA § 51-4-2(2)(a), all public funds must be deposited within 3 business days after receipt. Per UCA § 76-8-401, the definition of "public monies" includes trust monies held by the court.